



# Ask the Broker

## HEY DENTAL PRACTICE BUYERS, WHERE HAVE YOU GONE???

There is no question that the number of interested buyers for dental practices has dropped dramatically in the past two years. Just last week, I had an open house for an East Bay Area practice that I sold about two and a half years ago. Back in 2014, 30 dentists attended the open house. Last week, I had 6 attendees. While I am confident that the practice will sell, the declining interest is astounding. We are also closing escrow this week on a nice Chico practice that took twice as long as it should have to sell. Our practices in the metropolitan areas will almost always sell at expected valuations, but our practices outside of the large cities will take much longer than normal.

### What is the reason for this new trend?

**FEAR** is my explanation for this recent phenomenon. Young buyers are fearful of the current economics of dentistry. They have massive debt from dental school, sometimes approaching \$350K. They are concerned about buying a practice and having Delta cut their fee schedule if they are considering a traditional practice model. They look at corporate dentistry as a safer option.

Corporate dentistry is going into the dental schools and recruiting most of these young dentists before they even graduate. They take the fear out of the equation and offer a stable income. This is a great idea for the first year or two following dental school, but the new grads don't seem to realize that once they garner their speed and confidence, they can take home almost double their income if they produced the same amount of dentistry in their own practice!

The truth is that the best way to pay off your debt is to own your own successful practice! Owners are supposed to make a profit from owning a business. Of course, it has to be a well-run business with a decent patient base.

Buying an existing practice from a retiring dentist with a good patient base the best way to fight that fear!

Young dentists: Please come back to private practice once you get a couple years of experience! The best part of dentistry is being your own boss, owning your own business and calling your own shots!

Questions? E-mail [wps@succeed.net](mailto:wps@succeed.net)



Timothy G. Giroux, DDS is the Owner & Broker at Western Practice Sales and member of the nationally recognized dental organization, ADS Transitions. A graduate of Creighton University School of Dentistry (1983), he and his wife, Mona Chang, DDS (LLUSD 1984) were in private practice together for 15 years in Scottsdale, AZ, before establishing their home in Northern California.

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